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STATE OF MARYLAND
MARYLAND INSURANCE ADMINISTRATION
525 St. Paul Place, Baltimore, Maryland 21202-2272

To: Property and Casualty Insurers

Re: Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland

Date: August 25, 2004

Bulletin: Property and Casualty 04-18

During Maryland's 2004 Legislation Session, Senate Bill 460, Private Passenger Motor Vehicle Liability Insurance - Coverage for Claims of Family Members ("SB 460"), was introduced, passed, and signed by the Governor. This law is of significance for insurers writing private passenger motor vehicle liability insurance in the State of Maryland.

As a result of the enactment of SB 460, §19-504.1 of the Insurance Article will require insurers to offer to the first named insured coverage for claims made by family member(s) in the same amount as the liability coverage for claims made by non-family member(s) under the policy or binder, effective January 1, 2005. The law also states that the offer shall be made on the form that the Insurance Commissioner requires.

In order to ease the cost and burden on carriers associated with forms and waivers, the Maryland Insurance Administration ("MIA") has consolidated the required forms into a single form, "Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland," which is attached to this Bulletin. The form consists of the following three (3) parts:

- Part 1: Notice and Waiver of Personal Injury Protection (PIP) Coverage
- Part 2: Notice and Waiver of Increased Limits of Uninsured Motorist Coverage
- Part 3: Offer of Increased Liability Coverage for Claims of Family Members

This newly designed form includes not only the Offer of Increased Liability Coverage for Claims of Family Members (Part 3), but also contains a revised Notice and Waiver of Personal Injury Protection (PIP) Coverage (Part 1) and a revised Notice and Waiver of Increased Limits of Uninsured Motorist Coverage (Part 2). The authority for the Notice and Waiver of Personal

Injury Protection (PIP) Coverage is found in §19-506 and the authority for the Notice and Waiver of Increased Limits of Uninsured Motorist Coverage is found in §19-510. Therefore, all private passenger automobile insurance policies issued on or after January 1, 2005 shall utilize this new form.

- For any policy currently in force that renews on or after January 1, 2005, an insurer shall provide a completed copy of the "Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland" to the insured at least forty-five (45) days prior to the renewal of that policy.

In the event the insured fails to sign and return the form, the insurer shall issue the policy with full PIP coverage, uninsured motorist coverage in an amount equal to the amount of liability limits and coverage for claims made by family members be in the same amount as liability coverage for non-family members and bill for these coverages in accordance with its filed rates.

- For any new policy or binder effective on or after January 1, 2005, an insurer must provide a copy of the "Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland" and all parts must be completed and signed where appropriate.

An electronic copy of this form will be posted on the Maryland Insurance Administration's website at www.mdinsurance.state.md.us under Insurer Services.

Any insurer found not to be in compliance with the statutory provisions as outlined in this Bulletin will be subject to administrative penalties.

Questions regarding the information provided in this bulletin or the steps required for compliance should be directed to Fred Santiago, Director of Property & Casualty by telephone at (410) 468-2317 or by email at fsantiago@mdinsurance.state.md.us.

Alfred W. Redmer, Jr.
Insurance Commissioner

Attachment: Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland, MIA-PPA-PIP-UM-WAIVER 1/1/05



Mandatory Coverage Offers and Waivers for Private Passenger Motor Vehicle Liability Insurance in the State of Maryland

This form consists of three (3) parts:

Part 1: Notice and Waiver of Personal Injury Protection (PIP) Coverage

Part 2: Notice and Waiver of Increased Limits of Uninsured Motorist Coverage

Part 3: Offer of Increased Liability Coverage for Claims of Family Members

All three parts of the form must be signed and dated whether the insured accepts or rejects them.

The executed original of this form should be kept with the original application.

A copy of this form becomes a part of and must be attached to the policy if one or more parts are waived or requested -- unless an endorsement is attached to the policy reflecting the insured's choices.

Part 1: Notice and Waiver of Personal Injury Protection (PIP) Coverage

Notice Concerning the Waiver of Personal Injury Protection (PIP) Coverage in Maryland (Private Passenger Automobile Liability Insurance)

You have the choice of purchasing certain Personal Injury Protection (PIP) Coverages. Before deciding whether to purchase or waive this coverage, please read the following carefully.

Full PIP coverage provides the following protection, without regard to fault:

1. It covers you and members of your family residing with you who are injured in **any** motor vehicle accident; anyone injured while **in** your vehicle; and pedestrians injured **by** your vehicle.
2. The **minimum** coverage is \$2,500 (*you may purchase more**) and may be used to cover:
 - a. All reasonable and necessary medical expenses incurred within 3 years of injury; and
 - b. 85 percent of actually incurred lost wages; or
 - c. If the injured person is not employed at the time of injury, any reasonable and necessary expenses to provide for essential services which that person would have provided for the care and maintenance of his or her family or household.

If you do **not** sign the waiver, you will automatically receive the full PIP protection described above. Your PIP premium will be \$_____ (*annually/policy period**).

You may only waive PIP coverage for:

1. The name insured (you);
2. All listed drivers on the policy; and

3. Members of your family who are 16 years of age or older and reside with you in your household.

The waiver prevents the **named** insured (you) from collecting PIP benefits under **any** motor vehicle liability insurance policy issued in the State of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy.

The waiver prevents individuals described in category 2 or 3 above from collecting PIP benefits under your policy. In addition, if these individuals are involved in a motor vehicle accident, the waiver prevents these individuals from collecting benefits under any other policy of motor vehicle liability insurance issued in the state of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy unless the individual:

- Is the first named insured under the other policy;
- Has not waived PIP benefits under the other policy; and
- Is not a named insured under any policy of motor vehicle liability insurance where a waiver of PIP benefits is in effect.

The waiver does not impair the rights of other individuals such as pedestrians or minor children from collecting PIP under your policy.

If you decide to sign the waiver, your PIP premium will be _____ percent of the full PIP coverage. The total premium will be \$ _____ (*annually/semiannually**).

If you decide **not** to sign the waiver, your insurance company may not refuse to write your insurance coverage.

(*Editorial note: These items are variable information that must be provided by the insurer to fit the situation.)

Waiver of Personal Injury Protection (PIP) Coverage (Private Passenger Automobile Liability Insurance)

I hereby confirm that I have fully read and understood the attached notice, required by Section 19-506 of the Insurance Article, and I understand and agree that

_____ (*insert company name***), in reliance upon my signature as the first named insured/applicant, will NOT provide the Personal Injury Protection (PIP) Coverage _____ (*insert issuing company's policy provisions***), required by Section 19-505 and described in the attached notice provided to me with this waiver. This coverage is waived for any injury which may be sustained by:

1. Anyone listed as a named insured on the policy;
2. All drivers listed on the policy; and
3. All members of the named insured's family living in the insured's household who are 16 years of age or older.

I further understand and agree that the waiver of Personal Injury Protection (PIP) benefits under the policy being applied for waives coverage for PIP benefits for anyone described above under any other policy issued in the State of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy, unless the individual is:

- Is the first named insured under the other policy; and
- Has not waived PIP benefits under the other policy; and
- Is not a named insured under any policy of motor vehicle liability insurance where a waiver of PIP benefits is in effect.

I, the first named insured/applicant, have fully read and understood the above noted information and hereby: (*check one of the following*)

☐

request full PIP coverage be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

☐

affirmatively waive the benefits required by Section 19-505 of the Insurance Article (PIP). I understand and agree that this waiver of coverage shall be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

First Named Insured/Applicant

Signature of First Named Insured/Applicant

Date

Policy/Binder #

Insurer

Producer Name

Producer Code

(** Editorial note: These items are variable information that must be provided by the insurer. The waiver must be in 10 point boldface type per §19-506(d)(3)).

Part 2: Notice and Waiver of Increased Limits of Uninsured Motorist Coverage

Notice Concerning the Waiver of Increased Limits of Uninsured Motorist Coverage in Maryland (Private Passenger Motor Vehicle Liability Coverage)

Maryland law now requires that every insurer writing private passenger motor vehicle liability insurance provide uninsured motorist coverage in an amount equal to the amount of liability limits provided under the policy, unless waived by the first named insured. Maryland law also requires that a policy have at least a minimum amount of coverage for both liability and uninsured motorist coverage which is \$20,000 per person/\$40,000 per accident for bodily injury and \$15,000 per accident for property damage.

If you elected to purchase liability coverage in excess of the minimum amounts stated above, Maryland law entitles you to waive that amount of uninsured motorist coverage that exceeds the minimum amounts required by law. You, as the first named insured, must make an affirmative written waiver to do so. You may then choose other available lower uninsured motorists limits but not less than the minimum amount required by law.

In the event you fail to make an affirmative written waiver, the insurance company must provide uninsured motorist coverage in an amount equal to the liability coverage.

The insurance company is prohibited from refusing to issue an insurance policy because the insured refuses to make a waiver of the excess uninsured motorist coverage.

Before making your decision, please read the following carefully: ***uninsured motorist coverage*** provides protection against owners or operators of uninsured motor vehicles. A motor vehicle is uninsured if:

1. There is no liability insurance or other security applicable to the motor vehicle to pay for damages sustained by others because of an accident; or
2. There is liability insurance or other security applicable to the motor vehicle to pay for such damages but the amount available is less than your uninsured motorist coverage; or

3. It is hit by a vehicle and the owner or operator of that vehicle cannot be identified.

Uninsured motorists coverage is payable if the accident is the result of the ownership, maintenance or use of the uninsured motor vehicle and you are legally entitled to recover damages from its owner or operator.

Uninsured motorists - bodily injury protection covers you and your family members residing in your household for injuries sustained in an accident involving an uninsured motor vehicle unless it is owned by you or your resident relative(s). Any other person is also covered while occupying your insured automobile.

Uninsured motorists - property damage protection covers your insured automobile if it is damaged in an accident (subject to any applicable deductible) involving an uninsured motor vehicle that is not owned by you or your resident relative(s). It also insures your property, the property of your resident relative(s) and other persons occupying your insured automobile if it is contained in your automobile at the time of an accident involving an uninsured motor vehicle.

In order to make an affirmative waiver of uninsured motorists coverage limits equal to the liability limits of the policy, you must sign an affirmative waiver and submit it to your company. If you decide to purchase uninsured motorists coverage in limits equal to the liability limits of the policy, you must sign the request and submit it to your company.

Waiver of Increased Limits of Uninsured Motorist Coverage in Maryland (Private Passenger Motor Vehicle Liability Coverage)

I confirm that I have fully read and understood the attached notice.

This is to certify that I am the first named insured/applicant. I have been offered uninsured motorists coverage in amounts equal to my liability limits of \$_____ / \$_____ (bodily injury) and \$_____ (property damage) at a total premium of \$_____ (annually/policy period*).

I, the first named insured/applicant, have fully read and understood the above noted information and hereby: *(check one of the following)*

☐ **affirmatively waive this offer and instead elect to purchase lower uninsured motorists limits of** \$_____ / \$_____ (bodily injury) and \$_____ (property damage), at a total premium of \$_____ (annually/policy period*), subject to the minimum limits required by Maryland law. I understand and agree that this waiver shall be construed to be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

☐ **request limits of uninsured motorists coverage equal to the limit of liability coverage of** \$_____ / \$_____ (bodily injury) and \$_____ (property damage) at a total premium of \$_____ (annually/policy period*). I understand and agree that this request shall be construed to be applicable to the policy or

binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

First Named Insured/Applicant

Signature of First Named Insured/Applicant

Date

Policy/Binder #

Insurer

Producer Name

Producer Code

(* Editorial note: These items are variable information that must be provided by the insurer. The waiver must be in 10 point boldface type per §19-510(d)(3)).

Part 3: Offer of Increased Liability Coverage for Claims of Family Members

Offer of Increased Liability Coverage for Claims of Family Members

Maryland law requires that a private passenger motor vehicle liability insurance policy have at least a minimum amount of coverage for both liability and uninsured motorist coverage which is \$20,000 per person/\$40,000 per accident for bodily injury and \$15,000 per accident for property damage.

State law now requires that every insurer writing private passenger motor vehicle liability insurance offer to the first named insured, under a binder or policy of private passenger liability motor vehicle insurance, liability coverage for claims made by any family member in the same amount as the liability coverage for claims made by a nonfamily member under the policy or binder.

The insurance company may not refuse to underwrite a first named insured because the first named insured requests or elects the liability coverage for claims made by family members in an amount equal to the coverage provided for nonfamily member claims.

Before making your decision, please read the following carefully:

Liability coverage is an agreement of the insurer to pay, in accordance with the terms and conditions of the policy, for damages arising out of bodily injury and/or property damage for which an insured under your policy becomes legally obligated to pay as a result of a covered motor vehicle accident.

Bodily injury coverage - protects the insured against claims made by others for bodily harm, sickness, or disease, including death.

Property damage – protects the insured against claims made by others for physical injury to, destruction of, or loss of use of tangible property.

To have this increased limit of liability coverage for claims made by family members added to the policy, you must sign an affirmative acceptance of this coverage and submit it to your company. If you decide not to accept the increased limits of liability coverage for claims made by family members, you must sign the request for limited coverage and submit it to your company.

I confirm that I have fully read and understood the above noted information.

This is to certify that I am the first named insured/applicant. I hereby: *(select one of the following)*

☐ **request liability coverage for claims made by a family member in the same amount as the liability coverage for non-family members in the amount of \$ _____ / \$ _____ (bodily injury) and \$ _____ (property damage) at a total premium of \$ _____ (annually/policy period*).**

☐ **request liability coverage for claims of family members be limited to \$ _____ / \$ _____ (bodily injury) and \$ _____ (property damage) for a total premium of \$ _____ (annually/policy period*).**

I understand and agree that this request for liability coverage for claims made by family members shall be construed to be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

First Named Insured/Applicant

Signature of First Named Insured/Applicant

Date

Policy/Binder #

Insurer

Producer Name

Producer Code

(* Editorial note: These items are variable information that must be provided by the insurer. The waiver must be in 10 point boldface type per§19-504.1).

